

# HOUSING AUTHORITY OF THE CITY OF SAN ANGELO, TX

## SECTION 8 HOMEOWNERSHIP PROGRAM ADMINISTRATIVE PLAN

### **HOMEOWNERSHIP** [24 CFR 982.625]

The homeownership option is used to assist a family residing in a home purchased and owned by one or more members of the family.

The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

### **Size of Program:**

The Housing Authority of the City of San Angelo (SAHA) will set aside up to ten (10) Housing Choice Vouchers at any given time for interested participants in the Homeownership Option. The revolving door concept will be used as a means of ensuring that there is a constant replenishment of participants in the Homeownership Option in order to keep the level of participation at 10 interested parties at any given time. For example, as each successive participant closes on a home purchase, another interested participant will replace the new homeowner in order to maintain the count of ten (10) active voucher holders seeking homeownership.

### **Selection of Participants:**

Participants for the homeownership option of the Housing Choice Voucher Program will be selected from interested participants already receiving rental assistance and then from applicants on the waiting list who have been determined to be eligible for a rental voucher.

### **Client Responsibilities:**

The client responsibilities under the Housing Choice Voucher Homeownership Option remain the same as in the Rental Voucher Program unless otherwise specified in this document.

### **Eligibility Requirements** [24 CFR 982.627]

The family must meet all of the requirements listed below before the commencement of homeownership assistance.

**Program Eligibility:** The family must meet established eligibility criteria under the Section 8 Housing Choice Voucher program.

**First Time Homebuyer Restriction:** The family must qualify as a first-time homeowner (no member of the family has had any ownership interest in a principal residence in 3 years). There may be exceptions such as divorced single parent and such as defined in the Section 8 Homeownership federal regulations, or may be a co-operative member.

**Minimum Income Requirements:** The family must meet the Federal minimum income requirement. The family must have a gross annual income equal to the Federal minimum wage multiplied by 2000, based on the income of adult family members **who will own the home**. Unless the family is elderly or disabled, income from welfare assistance will not be counted toward this requirement.

The income for a disabled family is SSI payment x twelve for a total of \$6,540.00

**Employment Requirements:** The family must meet the Federal minimum employment requirements as follows:

At least one adult family member who will own the home must be currently employed full time and must have been continuously employed for one year prior to homeownership assistance.

HUD regulations define "Full Time Employment" as not less than an average of 30 hours per week.

A family member will be considered to have been continuously employed even if that family member has experienced a break in employment, provided that the break in employment:

Did not exceed 30 calendar days; and

Did not occur within the 6 month period immediately prior to the family's request to utilize the homeownership option; and

Has been the only break in employment within the past 12 calendar months.

The Federal minimum employment requirement does not apply to elderly or disabled families.

**Eligibility Criteria:**

In order to qualify, no family member may have previously defaulted on a mortgage obtained through the homeownership option, and is barred from receiving future homeownership assistance.

The PHA will impose the following additional requirements:

The family has had no family issues that violate HUD's Housing Quality Standards within the last twelve (12) months:

Damages beyond normal wear and tear

Landlord Complaints

The Family Does not owe money to the PHA

The Family has not committed any serious or repeated violations of a PHA-assisted lease within the past twelve months that resulted in early termination of lease or eviction.

### **Homeownership Counseling Requirements** [24 CFR 982.630]

When the family has been determined eligible, they must attend and complete pre and post purchase homeownership counseling sessions. These counseling sessions will be conducted by a HUD-approved housing counseling agency. Such counseling shall be consistent with HUD-approved housing guidelines.

The following topics will be included in the homeownership counseling sessions:

Home maintenance (including care of the grounds);

Budgeting and money management;

Credit Counseling;

How to negotiate the purchase price of a home;

How to obtain homeownership financing and loan pre-approvals, including a description of types of financing that may be available, and the pros and cons of different types of financing;

How to find a home, including information about homeownership opportunities, schools, and transportation in the PHA jurisdiction;

Advantages of purchasing a home in an area that does not have a high concentration of low-income families and how to locate homes in such areas;

Information about RESPA, State and Federal truth-in-lending laws and how to identify and avoid loans with oppressive terms and conditions;

### **Eligible Units** [24 CFR 982.628]

The unit must meet all of the following requirements:

The unit must meet HUD's "Eligible Housing" requirements.

The unit must already exist or under construction before the participant signs an earnest money contract.

The unit is a one-unit property or a single dwelling unit in a cooperative or condominium.

Manufactured housing is only eligible under the following conditions:

- A. Home must be located on a permanent foundation.
- B. The purchaser can occupy for a least 40 years (not a mobile home).

The unit has been inspected by the PHA and meets HUD Housing Quality Standards.

And a licensed independent professional inspector selected and hired by the purchaser must also inspect the unit.

### **Ineligible Units:**

The unit may not be any of the following:

- A public housing or Indian housing unit;
- A unit receiving Section 8 project-based assistance;
- A nursing home, board and care home, or facility providing continual psychiatric, medical or nursing services;
- A college or other school dormitory;
- On the grounds of penal, reformatory, medical, mental, or similar public or private institutions.

### **Eligible Sellers**

In order to qualify as a seller under the program, the seller may not be debarred, suspended, or subject to a limited denial of participation under the Section 8 Housing Choice Voucher Program.

Seller may be disapproved if Title is found to have any encumbrances.

PHA may deny approval of seller for any reason provided under CFR 982.306(c).

### **Eligible Realtors:**

In order to participate in the program and before executing any earnest money contract or other related documents with a participant of the SAHA Section 8 Homeownership Program, realtors must attend a realtor orientation session explaining the program requirements sponsored by SAHA.

### **PHA Search and Purchase Requirements** [24 CFR 982.629]

The PHA has established the maximum time that will be allowed for a purchaser to locate and purchase a home.

The purchaser's deadline date for locating a home to purchase will be 180 calendar days from the date the purchaser's eligibility for the homeownership option is determined. The purchaser must notify the PHA before executing any documents for the purchase of the home.

The purchaser must obtain financing and purchase the home within 180 calendar days of locating the home to be purchased.

The PHA will require reports on the purchaser's progress in finding and purchasing a home every 30 days after they have been determined to be eligible for the homeownership option. If the purchaser is unable to purchase a home within the maximum time limit, the PHA will require the family to use the voucher to lease a unit.

### **Inspection and Contract** [24 CFR 982.631]

The unit must pass Housing Quality Standards after it has been inspected by a licensed independent, professional inspector selected and paid for by the family.

The independent professional inspection must cover major building systems and components. The inspector must be qualified to identify physical defects and report on property conditions, including major buildings systems and components. These systems and components include, but are not limited to:

- Foundation and structure;
- Housing interior and exterior;
- Roofing;
- Plumbing, electrical, and heating systems;

The independent inspector must not be a PHA employee or contractor, nor can the PHA select the inspector. Additionally, the Texas Real Estate Commission must certify the independent professional home inspector selected by the purchaser is licensed.

Copies of the independent inspection report will be provided to the purchaser and the PHA. Based on the information in this report, the purchaser and the PHA will determine whether any pre-purchase repairs are necessary.

The PHA reserve the right to disapprove the unit for homeownership assistance due to information contained in the report.

The purchaser must enter into an earnest money contract with the seller of the unit. A copy of the contract must be given to the PHA. The contract must specify the price and terms of sale, and provide that the purchaser will arrange for a pre-purchase independent inspection of the home. The contract must also:

Provide a minimum of ten (10) days during the "Option Period", with a maximum payment of option fee of \$50.00;

Provide that the purchaser is not obligated to buy the unit unless the inspection is satisfactory;

Provide that the purchaser is not obligated to pay for necessary repairs; and

Contain the seller's certification that he or she has not been barred, suspended or subject to a limited denial of participation from the Section 8 Housing Choice Voucher Program;

Be accompanied by a Comparative Market Analysis prepared by the Realtor immediately after the buyer and seller have signed the earnest money contract; or a builder's list if the unit is a new home, prior to the parties signing;

Be accompanied by a signed Realtor Information Package provided by SAHA, outlining the Realtor requirements for representation of a Section 8 home buyer.

After the unit has passed the initial required Housing Quality Standards inspection conducted by the PHA, no other Housing Quality Inspections will be required on the unit.

### **Financing** [24 CFR 982.632]

The family is responsible for securing financing. The PHA has established financing requirements, listed below, and may disapprove proposed financing if the PHA determines that the debt is unaffordable.

The PHA will prohibit the following forms of financing:

- Balloon payment mortgages
- Variable interest rate loans
- Seller financing

The PHA will require a minimum cash down payment of five hundred (\$500.00) to be paid from the family's own resources.

### **Continued Assistance** [24 CFR 982.633]

Homeownership assistance may only be paid while the family is residing in the home. The family or lender is not required to refund homeownership assistance for the month when the family moves out of the purchased unit.

The family must comply with the following obligations:

The family must comply with the terms of the mortgage securing debt incurred to purchase the home, or any refinancing of such debt.

The family may not convey or transfer ownership of the home, except for purposes of financing, refinancing, or pending settlement of the estate of a deceased family member. Use and occupancy of the home are subject to CFR 982.551 (h) and (i).

The family must supply information to the PHA or HUD as specified in CFR 982.551(b). The family must further supply any information required by the PHA or HUD concerning mortgage financing or refinancing, sale or transfer of any interest in the home, or homeownership expenses.

The family must notify the PHA before moving out of the home.

The family must notify the PHA if the family defaults on the mortgage used to purchase the home.

No family member under assistance may have any ownership interest in any other residential property.

Before commencement of homeownership assistance, the family must execute a statement in which the family agrees to comply with all family obligations under the homeownership option.

**Maximum Term of Homeownership Assistance** [24 CFR 982.634]

Except in the case of elderly or disabled families, the maximum term of homeownership assistance is:

- 15 years, if the initial mortgage term is 20 years or longer, or
- 10 years in all other cases

The elderly exception only applies if the family qualified as elderly at the start of homeownership assistance. The disabled exception applies if, at any time during receipt of homeownership assistance, the family qualifies as disabled.

If the family ceases to qualify as elderly or disabled during the course of homeownership assistance, the maximum term becomes applicable from the date assistance commenced. However, such a family must be afforded at least 6 months of homeownership assistance after the maximum term becomes applicable.

If the family receives homeownership assistance for different homes, or from different PHAs, the total is subject to the maximum term limitations.

**Homeownership Assistance Payments and Homeownership Expenses** [24 CFR 982.635]

The monthly homeownership assistance payment is the lower of the voucher payment standard minus the total tenant payment, or the monthly homeownership expenses minus the total tenant payment.

In determining the amount of the homeownership assistance payment, the PHA will use the same payment standard schedule, payment standard amounts, and subsidy standards as those described in this plan for the Housing Choice Voucher Program.

The PHA will pay the homeownership assistance payment to the lender at the discretion of the PHA.

Some homeownership expenses are allowances or standards determined by the PHA in accordance with HUD regulations. These allowances are used in determining expenses for all homeownership families and are not based on the condition of the home.

Homeownership expenses include:

- Principal and interest on mortgage debt
- Mortgage insurance premium
- Taxes and insurance
- The PHA utility allowance used for the voucher program
- Principal and interest on debt improvements
- Maintenance allowance

**Portability** [24 CFR 982.636, 982.353(b) and (c), 982.552, 982.553]

Subject to the restrictions on portability included in HUD regulations and in Chapter 13 of this plan, the family may exercise portability if the receiving PHA is administering a voucher homeownership program and accepting new homeownership families.

The receiving PHA may absorb the family into its voucher program, or bill the initial PHA. The receiving PHA arranges for housing counseling and the receiving PHA's homeownership policies apply.

**Moving With Continued Assistance** [24 CFR 982.637]

A family receiving homeownership assistance may move with continued tenant-based assistance. The family may move with voucher rental assistance or with voucher homeownership assistance. Continued tenant-based assistance for a new unit cannot begin so long as any family member holds title to the prior home.

**Denial or Termination of Assistance** [24 CFR 982.638]

Termination of homeownership assistance is governed by the policies of the Housing Choice Voucher program contained in the Administrative Plan for the Housing Choice Voucher Rental Program.

At any time, the PHA may deny or terminate home ownership assistance in accordance with 24 CFR 982.552 (grounds for denial or termination of assistance) or 24 CFR 982.553 (crime by family members).

Failure to comply with family obligations: The PHA may deny or terminate assistance for violation of participant obligations described in 24 CFR 982.551 or 24 CFR 982.663.

The PHA will terminate homeownership assistance if the family is disposed from the home due to a judgment or order of foreclosure on any mortgage (whether FHA-insured or non-FHA) securing debt incurred to purchase the home, or any refinancing of such debt.

The PHA will permit such a family to move with continued voucher rental assistance. However, rental assistance will be denied if the family defaulted on a FHA-insured mortgage, and the family fails to demonstrate that:

- The family conveyed title to the home as required by HUD, to HUD or HUD's designee;
- The family moved from the home within the period established or approved by HUD.

The PHA will terminate homeownership assistance if the family violates any of the following family obligations:

- Transfer or conveyance of ownership of the home;
- Providing requested information to the PHA or HUD;
- Notifying the PHA before moving out of the home

**The PHA reserves the right to amend any of the provisions in this plan not governed by federal regulations, in order to allow a participant that would not otherwise qualify the opportunity to participate in the Section 8 Housing Choice Voucher Homeownership Option at the discretion of the PHA.**